YE - A-12 ESTABLISH RESERVE FOR DEFERRED RECEIVABLES FOR ABATEMENTS AND REIMBURSEMENTS

Source Document:	Department Invoice
Module:	General Ledger (GL)
Roles:	GL Journal Processor GL Journal Approver

Purpose: The A-12 entry establishes a reserve for accounts receivable abatements and reimbursements estimated to be uncollectible during the next fiscal year. Department will make an assessment of the outstanding accounts receivables that are deemed uncollectible.

The A-12 entry will be recorded in the general ledger module in Period 998 and reversed in the new fiscal year.

The year-end adjusting entries are as follows:

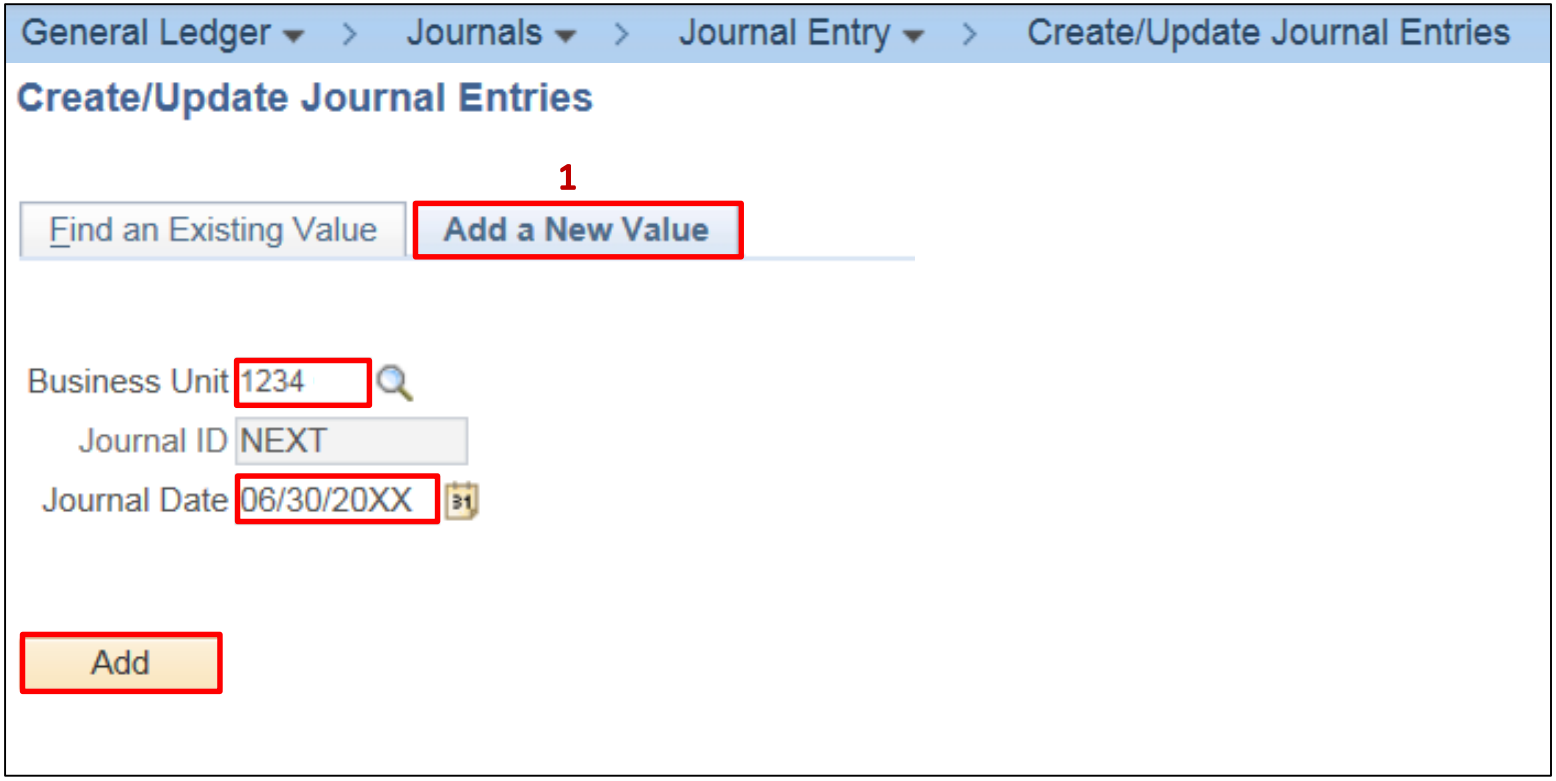
Debit 48xxxxx Reimbursements
Credit 1290000 Provision for Deferred Receivables[1/]

Debit 51xxxxx Personal Services
Debit 53xxxxx Operating Expense and Equipment
Credit 1290000 Provision for Deferred Receivables[1/]

[1/]When posting to Account 1290000, click in the Alternate Account field and select an alternate account from the list of accounts. This information will be required to complete the year-end Subsidiaries on File report.

The **GL Journal Processor** will create a new GL Journal. Navigate to Create/Update Journal Entries (as shown below), then:

1 – Click the **Add a New Value** tab
2 – Enter your **Business Unit**
3 – Enter the **Journal Date**
4 – Click **Add**



The **GL Journal Processor** will create the Journal **Header**.

1 – Enter a **Long Description** of the A-9 Revenue Accrual

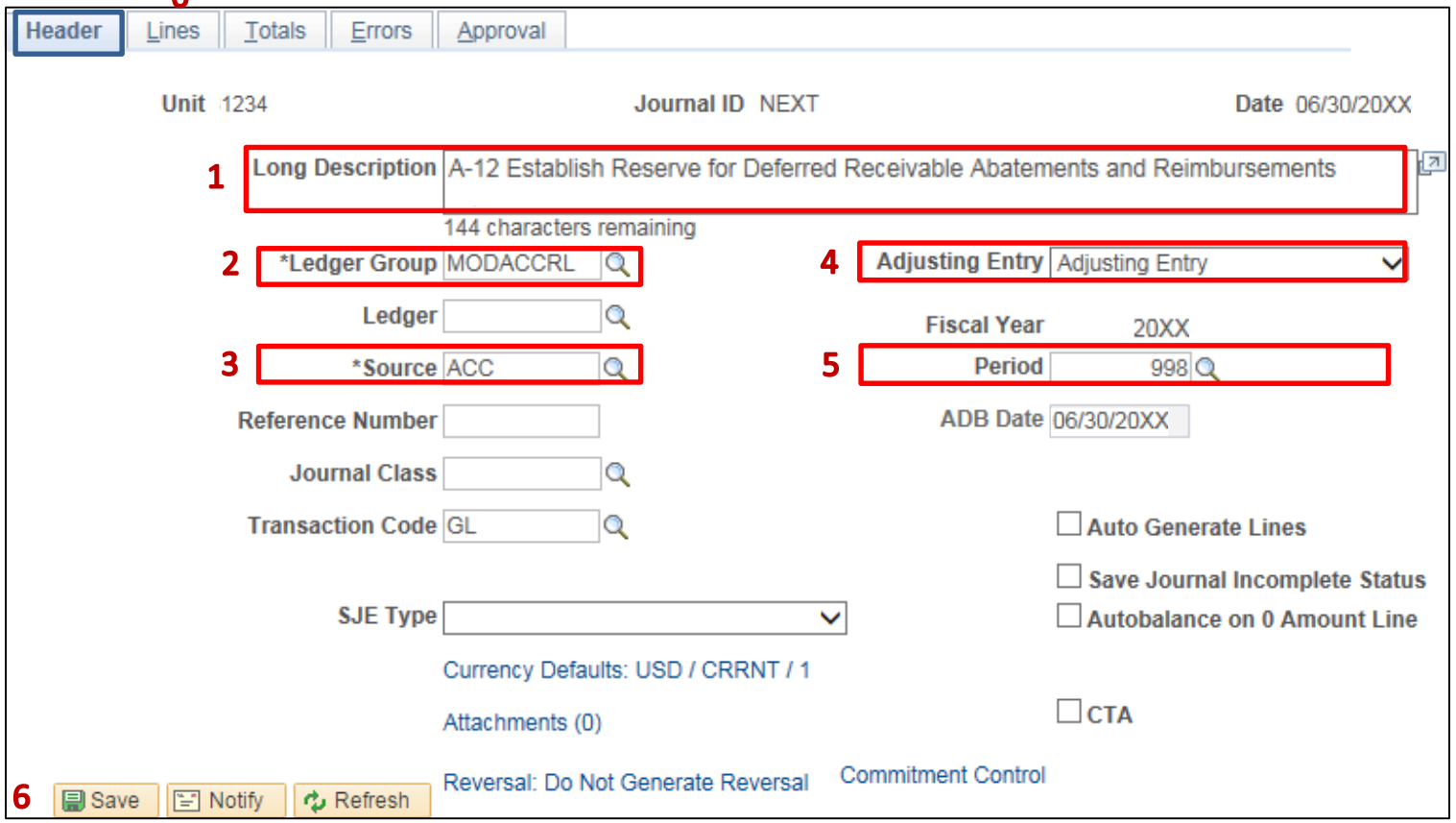
2 – **Ledger Group** will default to **MODACCRL**

3 – **Source** should be **ACC** (Accruals)

4 – Select **Adjusting Entry**

5 – Period should be **998**

6 – Click the **Lines** tab to enter journal lines.



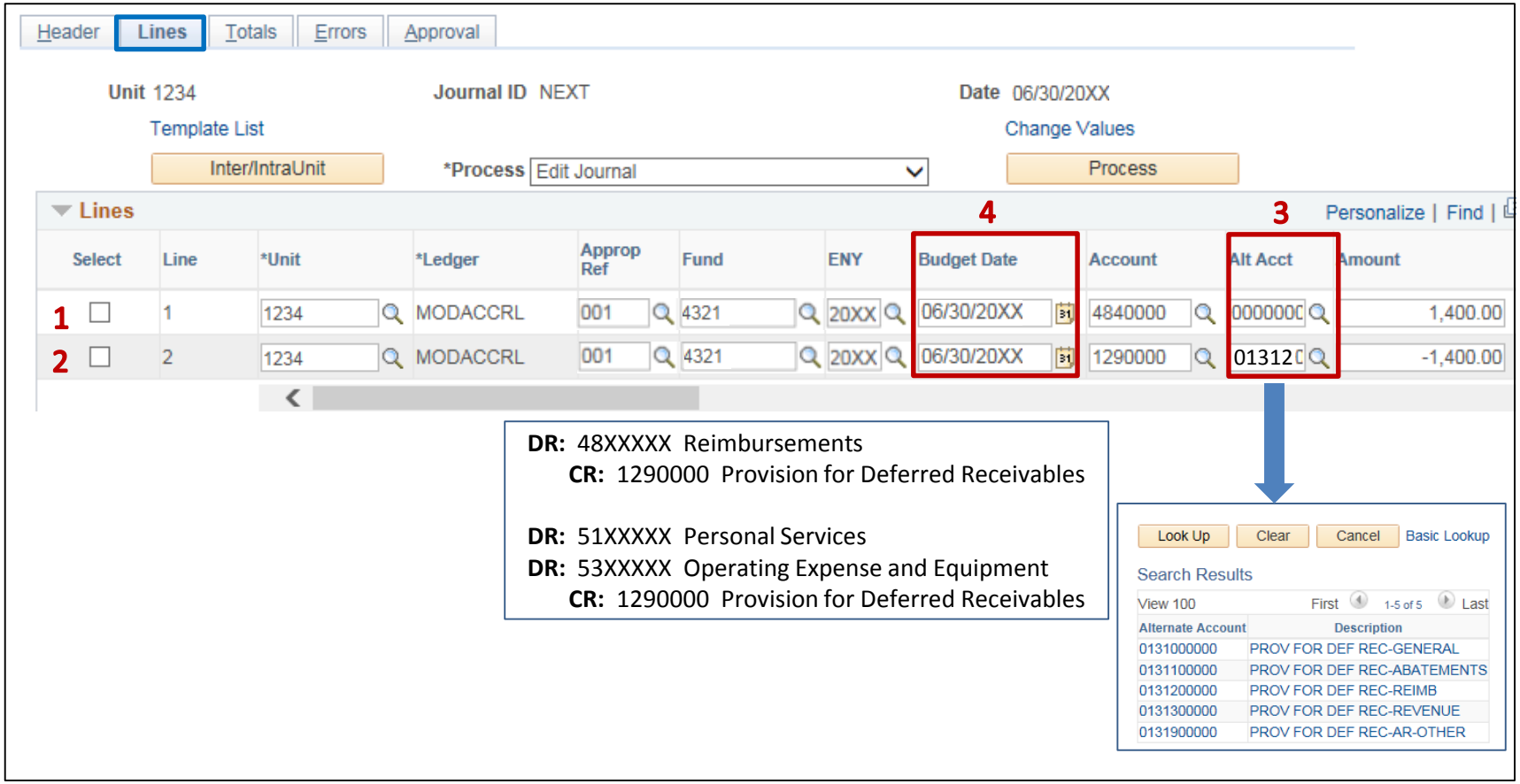
The **GL Journal Processor** will enter the Journal **Lines.**

1 – Enter DR Line: Approp Ref, Fund, ENY, Reimbursement Account 48XXXXX, Amount

2 – Enter CR Line: Approp Ref, Fund, ENY, Provision for Deferred Receivables Account 1290000, Amount

3 – When posting to the Account 1290000, select an Alternate Account from the list of accounts.

4 – Review Budget Date to make sure it follows Enactment Year (ENY). If not, edit date



The **GL Journal Processor** will budget check the Journal Lines.

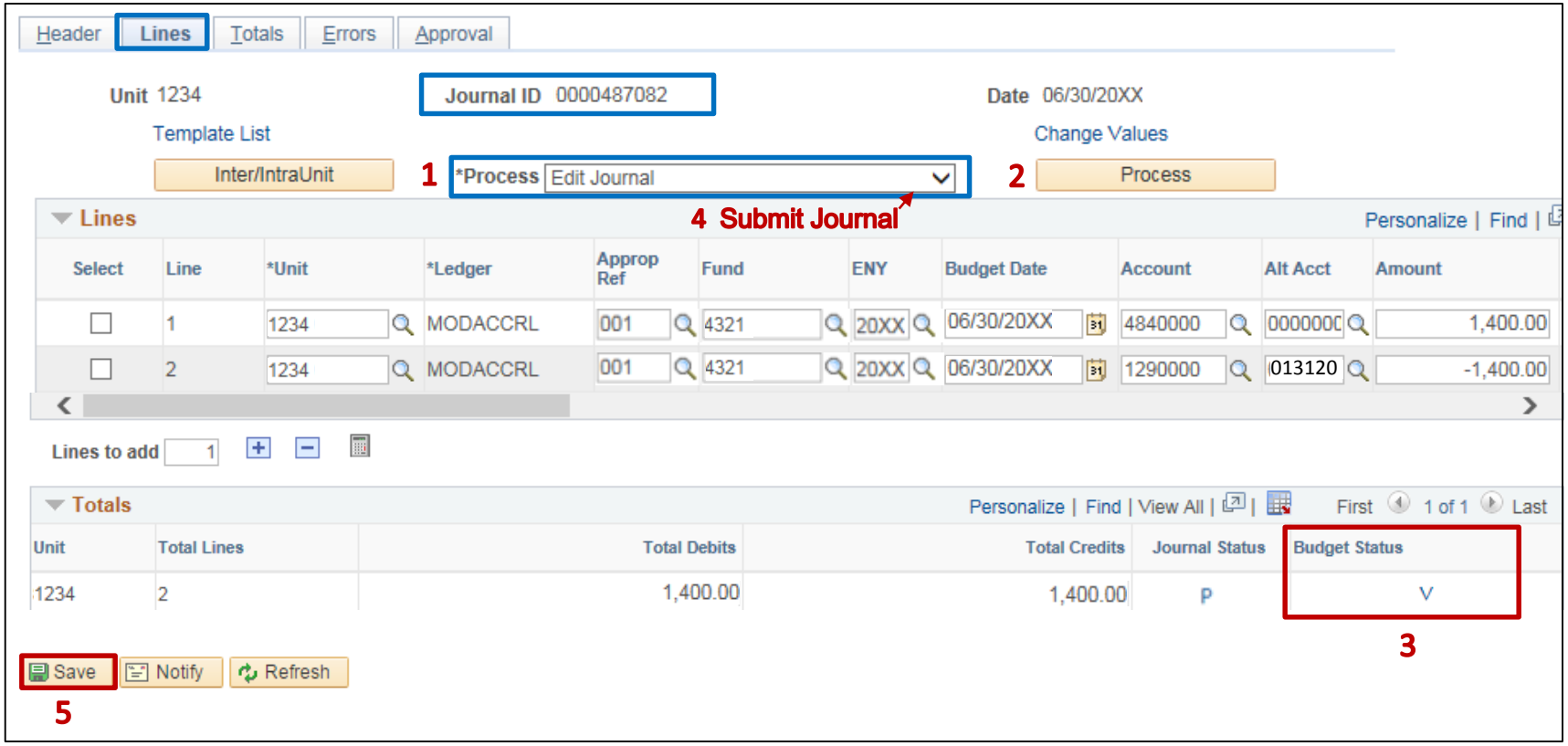
1 – Select **Edit Journal** from the Process drop down menu.

2 – Click **Process**

3 – **Budget Status** Valid "V"

4 – Select **Submit Journal** from the Process drop down menu for approval

5 – Click **Save**. The system will assign a Journal ID. Note the Journal ID on your source document for reference



Reversing Entries in the New Year

After the journal is approved and posted in Period 998, the **GL Journal Processor** will copy the journal to create the manual reversal entries in Period 1.

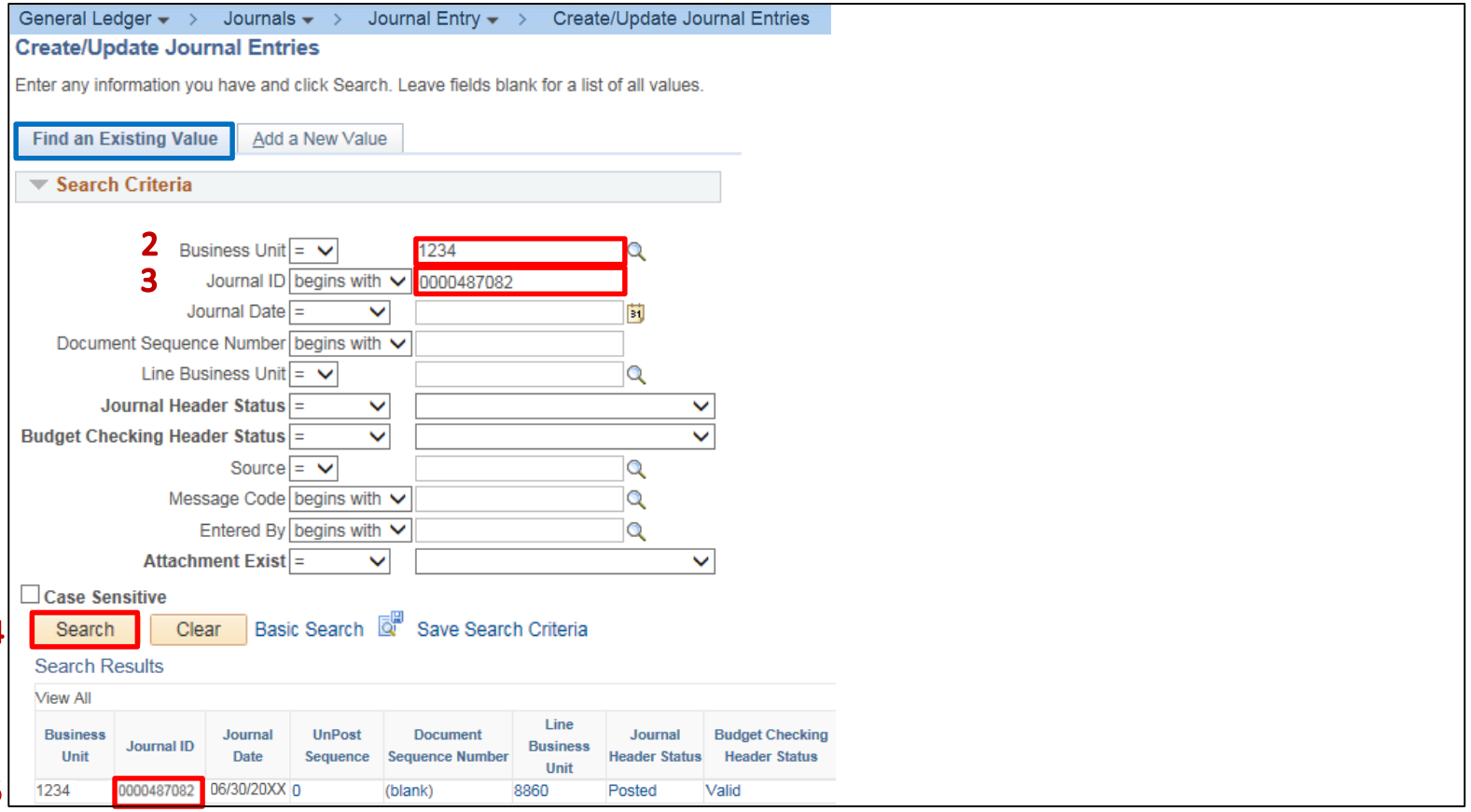
Accrual journal entries must be manually reversed in Period 1 of the new fiscal year.

Note:

- DO NOT use the "automated reversal" option. This method will create budget check errors in the new year.
- If the A-10 entry (Adjustment to Dishonored Checks) is posted, it will also be manually reversed with the A-12 in Period 1 of the new fiscal year.
- Year-End accrual entries in Period 998 and the reversal entries Period 1 should net to zero.

The **GL Journal Processor** will retrieve journal entry for reversal in the New Year. Navigate to Create/Update Journal Entries (as shown below), then:

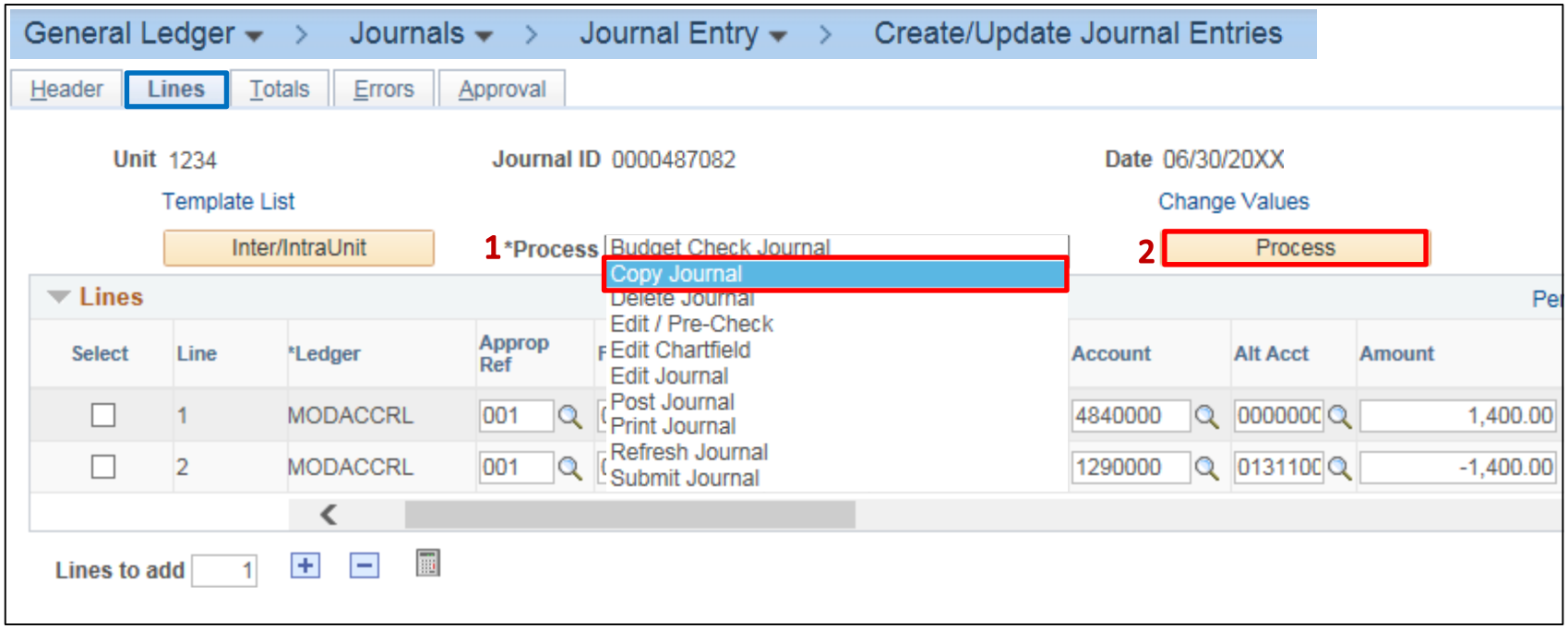
1 – Click the **Find an Existing Value** tab
2 – Enter your **Business Unit**
3 – Enter your **Journal ID**
4 – Click **Search**
5 – Select **Journal ID**



The **GL Journal Processor** will copy the journal lines.

1 – Select **Copy Journal** from the Process drop down menu.

2 – Click **Process**

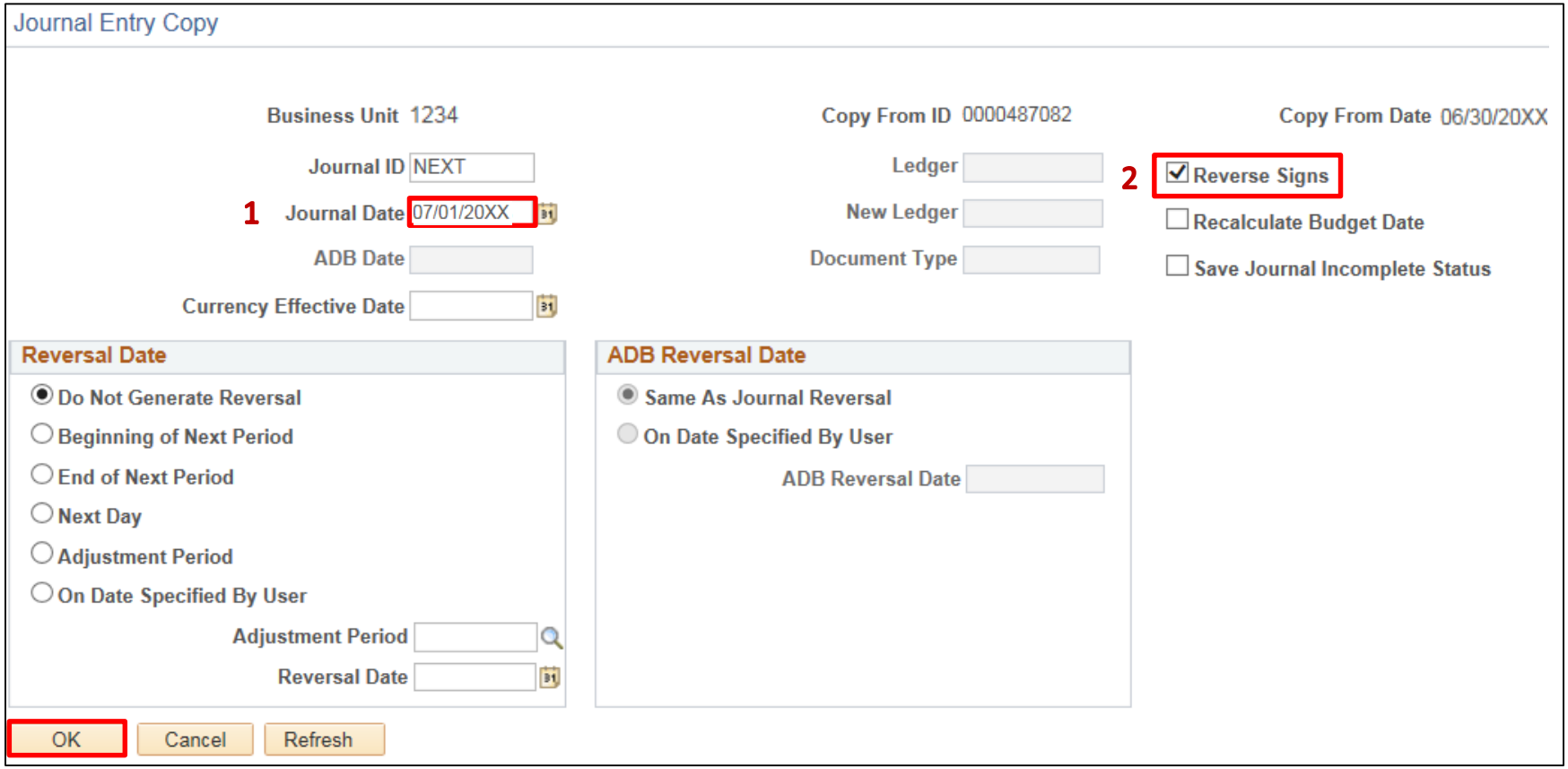


The **GL Journal Processor** will edit the Journal Entry Copy Screen.

1 – **Journal Date**: 07/01/20XX (new fiscal year)

2 – Check **Reverse Signs**

3 – Click **OK**



The **GL Journal Processor** will update the **Header** Page.

1 – **Journal ID:** A new number will be generated for this entry

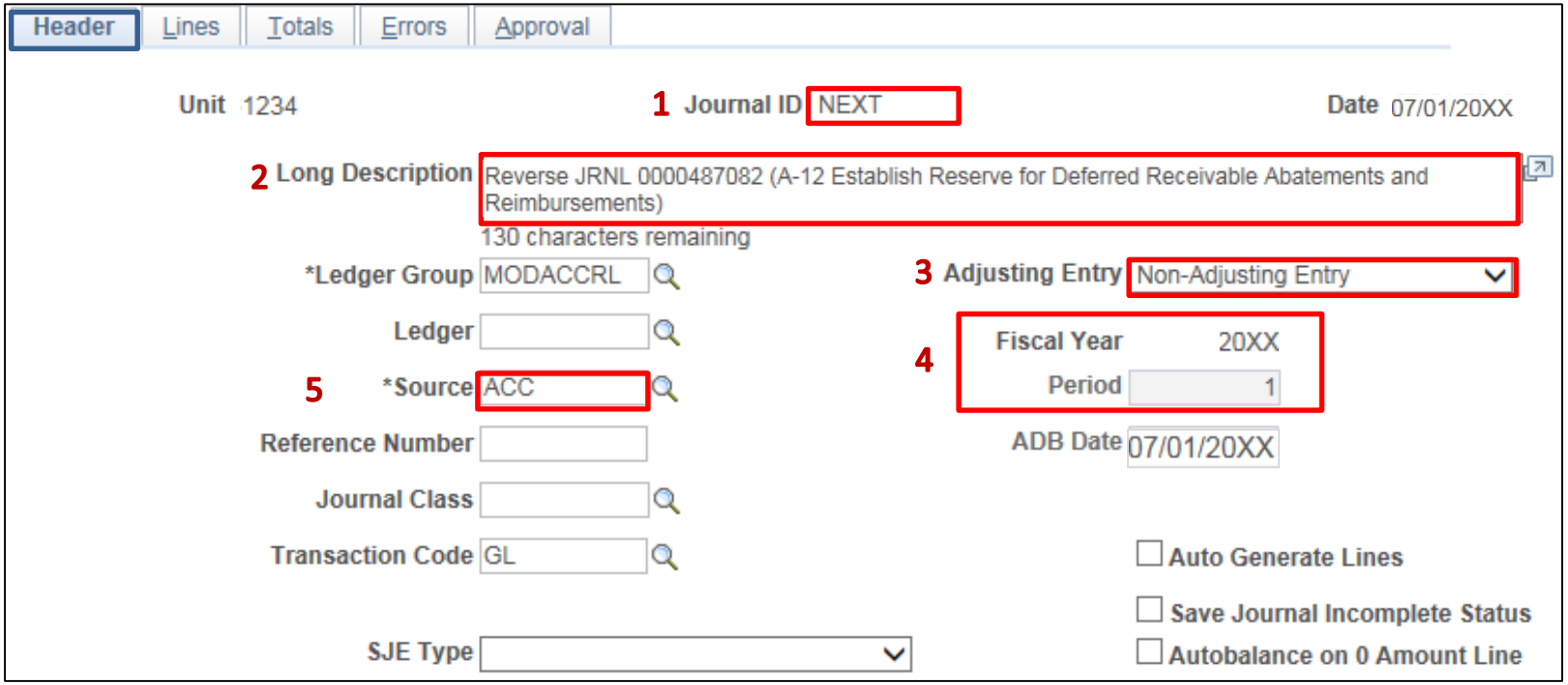
2 – **Long Description:** Add 'REVERSE' A-12 Establish Reserve for Deferred Receivable Abatements and Reimbursements Accrual description to define the purpose

3 – **Adjusting Entry:** Select Non-Adjusting Entry

Caution: If "Adjusting Entry" is posted by mistake, delete the transaction and start over. Attempting to correct it with a Non-Adjusting Entry causes the transaction to post twice: in Period 998 (after the first budget check) and in Period 1 (after the second).

4 – **Fiscal Year:** 20XX and **Period:** 1

5 – **Source:** ACC (Transactions entered as ACC in 998, are reversed as ACC.)



The **GL Journal Processor** will Edit and Post Journal.

1 – Verify Entries are reversed. The journal lines should be the same as the original accrual journal except the signs (+/-) are reversed for all the amounts. The "N/R" column should be checked.

2 – Review B**udget Date** to make sure it follows **Enactment Year (ENY)**. If not, edit date.

3 – *Process: Select **Edit Journal**

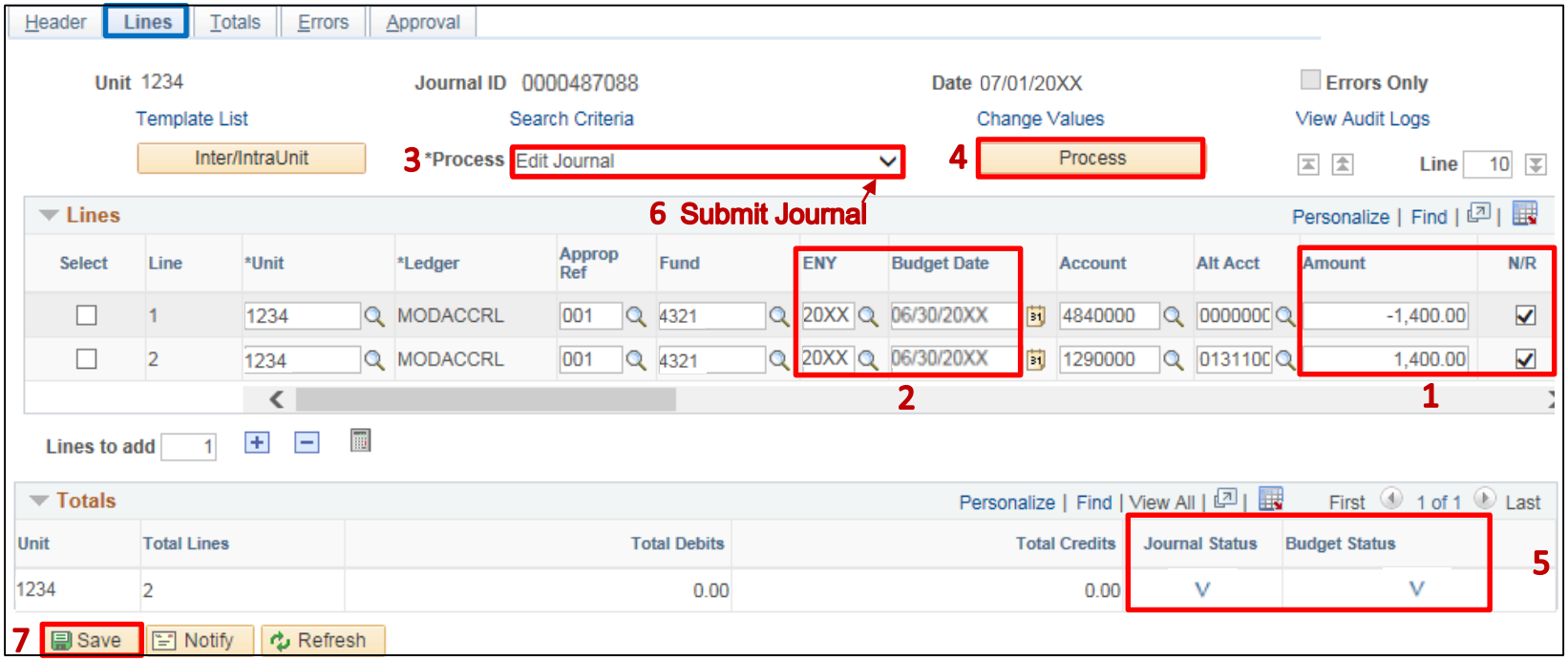
4 – Click **Process**

5 – The **Journal Status** and **Budget Status** should show **Valid "V"**

6 – Select **Submit Journal** from the Process drop down menu for approval

7 – Click **Save**.

After the journal is approved, journal will post overnight.



Tips:

- Journal lines posted to Account 1290000 should have a value in the Alternate Account field selected from the list of accounts.

- Record **accrual** entries in **Period 998**, source of **ACC**, and entry of **Adjusting Entry**.

- Record **reversal** entries in **Period 1** of the new fiscal year, source of **ACC**, and entry of **Non-Adjusting Entry**.